

RFS 7-99
SOLICITATION FOR INSURANCE PROVIDERS
SECTION ONE
GENERAL INFORMATION AND REQUESTED SERVICES

1.1 INTRODUCTION

The State of Indiana wishes to facilitate the development of statewide, risk-bearing entities to deliver health care to uninsured Hoosiers under the new health care coverage plan established under House Bill 1678 (the “Program”).

In accordance with Indiana statute, including IC 5-22-6, the Indiana Department of Administration (IDOA), acting on behalf of the Indiana Family and Social Services Administration (FSSA), Office of Medicaid Policy and Planning (OMPP), desires to contract with one or more accident and sickness insurers and/or health maintenance organizations (HMOs) licensed under Title 27 of the Indiana Code. It is the intent of IDOA to solicit responses to this Request for Services (RFS) in accordance with the statement of work, proposal preparation section, and specifications contained in this document and its Attachments. This RFS is being posted to the IDOA website (<http://www.IN.gov/idoa/proc>) for downloading. A nominal fee will be charged for providing hard copies. Neither this RFS nor any response (proposal) submitted hereto are to be construed as a legal offer.

It is the State’s intent to seek feedback on this RFS in coming weeks through meetings with various stakeholders. In addition, federal approval for this program is pending. The State may amend this RFS based on feedback it receives from community advocates, insurers, providers, the federal government, and/or the general public. In the event substantive changes are made to the RFS, a second question and answer round may be held and the proposal submission deadline may be extended.

1.2 DEFINITIONS AND ABBREVIATIONS

Following are explanations of terms and abbreviations appearing throughout this RFS and its Attachments. Other special terms may be used in the RFS and its Attachments, but they are more localized and defined where they appear, rather than in the following list.

42 CFR 438	Title 42, Part 438 of the Code of Federal Regulations
IC 12-15-44	The new chapter of the Indiana Code that establishes the health care coverage plan that is the subject of this RFS.
CMS	The Centers for Medicare & Medicaid Services
DFR	Indiana Division of Family Resources

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FSSA	Indiana Family and Social Services Administration
IAC	The Indiana Administrative Code
IC	The Indiana Code
IHCP	Indiana Health Coverage Programs
Implementation	The successful enrollment of members in the Plan, as specified in the contract resulting from this RFS.
OMPP	Office of Medicaid Policy and Planning
Other Governmental Body	An agency, a board, a branch, a bureau, a commission, a council, a department, an institution, an office, or another establishment of any of the following: (1) The judicial branch. (2) The legislative branch. (3) A political subdivision (includes towns, cities, local governments, etc.) (4) A state educational institution
Plan	Entities, including accident and sickness insurers and HMOs, licensed under Title 27 of the Indiana Code that participate in the Program by providing services under this RFS.
POWER Accounts	An individual health care account funded by, at minimum, State and member contributions and used by the member to purchase covered services before the deductible of their health plan is met.
Proposal	An offer as defined in IC 5-22-2-17.
Respondent	An offeror as defined in IC 5-22-2-18. The State will not consider a proposal responsive if two or more offerors submit a joint or combined proposal. One entity or individual must be clearly identified as the Respondent who will be ultimately responsible for performance of the contract.
Services	Work to be performed as specified in this RFS.
State	The State of Indiana
State Agency	As defined in IC 4-13-1, "state agency" means an authority, board, branch, commission, committee, department, division, or other

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instrumentality of the executive, including the administrative, department of state government.

Vendor Any successful Respondent selected as a result of the procurement process to deliver the services requested by this RFS.

1.3 PURPOSE OF THE RFS

House Bill No. 1678 extends health care coverage to certain low-income, uninsured Hoosiers, without access to employer sponsored health insurance, under a new health care coverage plan (the “Program”). The Program represents a unique public-private partnership between the State and private health plans. The Program provides access to health care coverage through a deductible health plan. The deductible health plan includes \$500 of “first dollar” coverage for preventative services and is paired with a personal health care account called a POWER (Personal Wellness and Responsibility) Account. The POWER Account is modeled in the spirit of a traditional Health Savings Account (HSA); however, POWER Accounts will be funded with post-tax dollars and are not subject to federal regulation as an HSA. POWER Accounts do not meet the federal definition of HSAs, Health Reimbursement Accounts, Flexible Savings Accounts or other health spending accounts, and are thus free from federal regulation under the U.S. Tax Code. Members will use POWER Account funds to meet the deductible of their health plan.

The Program requires participants to make a financial contribution to their POWER Account, and it provides incentives for participants to stay healthy, be value- and cost-conscious and to utilize services in a cost-efficient manner. The Program covers essential health services and is similar to commercial plans.

It is estimated that over 350,000 Hoosiers are potentially eligible for the Program. However, the number of participants will depend on available program funding, as this is not an entitlement program. Eligibility will be on a first-come, first-served basis.

Coverage under the Program will be provided through capitation based contracts with private health plans. Capitation rates will be age and sex adjusted and will be made on a per member per month (PMPM) basis.

The purpose of this RFS is to select one or more vendors to provide individuals eligible in the Program with a deductible health plan and POWER Account under a capitation-based arrangement. This free market competition is intended to help assure the high quality of plan services. Vendors will assume financial risk for establishing and managing comprehensive provider networks for the delivery of health care services to enrolled members. Vendors will also be required to offer vision and dental coverage to participants. It is the intent of OMPP to contract with vendors that will provide quality health care coverage with a focus on the Program’s goals of encouraging personal responsibility in the appropriate use of health care resources and incentivizing healthy behaviors to help improve the health outcomes of participants.

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Bidders are encouraged to submit innovative proposals for addressing the Program's goals beyond the minimum requirements set forth in this RFS and its Attachments.

1.3.1 The Program

Participation in the Program is limited to entities that meet the definition of "managed care organization" under 42 CFR 438.2 and includes both health maintenance organizations (HMOs), as defined by IC 27-13-1-19, as well as accident and sickness insurers licensed as a risk-bearing entity under Title 27 of the Indiana Code.

Key elements of the Program are outlined below:

- **Covered Services.** The State wishes to facilitate comprehensive and coordinated services for the Program's members. The Program covers essential health services and is similar to commercial plans. Members will be eligible for a fully subsidized deductible health plan that includes \$500 of "first dollar" preventative care and covers physician services, mental health care, inpatient and outpatient care, ~~prescription drugs, durable medical equipment (DME) and home health services, among other services, up to an annual maximum of \$300,000 and a lifetime maximum of \$1,000,000. The Program will require a deductible of \$1,100 per adult, but provides full coverage with little cost-sharing as soon as the deductible is met. Vision and dental services are not included in the Program's basic benefit package, but members will have the opportunity to purchase a vision and/or dental rider. Maternity services are also excluded from the Program's benefit package, but will be available through another FSSA program, Hoosier Healthwise Package B. A co-payment, based on income and eligibility category, will apply to emergency room services,~~ as set forth in Attachments D and E of this RFS. Non-emergency transportation is not covered under the Program.

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The Program's covered services include, at minimum, all services identified in IC 12-15-44, which are as follows:

- Mental health and substance abuse services
- Inpatient hospital services
- Prescription drug coverage
- Emergency room services
- Physician office services
- Diagnostic services
- Outpatient services, including therapy services
- Comprehensive disease management
- Home health services, including case management
- Urgent care center services
- Preventative care services
- Family planning services

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- Hospice services
- **Personal Responsibility and POWER Accounts.** The deductible health plan will be offered in conjunction with a “POWER Account.” The POWER Account is a health care account modeled in the spirit of a Health Savings Account (HSA), but POWER Accounts will not be subject to regulation under the U.S. Tax Code. The POWER Account will be funded by the State and members with post-tax dollars, and will be used by members to help them meet their deductible costs. Plans may collect individual contributions to the POWER Account through payroll deductions and/or direct payments to the Plan. Innovation by the Plan in collecting individual contributions is highly desired. Employers will be encouraged to help contribute to their employees’ POWER Account, although their contributions will be capped at 50% of the employee’s required contribution. Members will have access to their POWER Account through a “pre-paid debit card” that can only be used to pay for covered services up to the deductible amount.

At the end of a coverage term, some or all of the funds remaining in a member’s POWER Account will be rolled-over into the next coverage term to reduce the member’s required POWER Account contribution in the upcoming year. The amount of leftover funds available for roll-over will depend on the member’s utilization of recommended preventative care services. Members that obtain all recommended preventative care services will be able to roll-over their entire POWER Account balance, including monies contributed by the State. Members that fail to obtain the recommended preventative care services may only roll-over their pro-rata share of the POWER Account balance, leaving less money available to reduce the next year’s required contribution.

POWER Accounts are designed to provide incentives for participants to stay healthy, be value- and cost-conscious and to utilize services in a cost-efficient manner. Plans will emphasize to their members that prudent and responsible use of POWER Account funds, as well as appropriate use of preventative care services, can lead to a reduced financial burden in the upcoming year. If members are aware that prudent management of their health care expenditures can leave them with available funds at the end of the year—and that these funds can be used to lower their next year’s contribution—members will be encouraged to make value and cost-conscious decisions.

- **Preventative Services.** Despite its deductible health plan design, the Program will help facilitate access to preventative care. Benefits will include an annual budget of up to \$500 of “first dollar” coverage for preventative services. This means that cost-sharing for up to \$500 of preventative care is not required and is separate from the deductible. The \$500 may be used to cover routine preventative services such as mammograms, colorectal screenings, smoking cessation classes, smoking patches, etc. Each year, OMPP will identify which

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preventative services will be covered in the \$500 of “first dollar” coverage based on the Centers for Disease Control and Prevention (CDC) Preventative Services Guidelines.

In an effort to further encourage members to obtain preventative care, OMPP will determine recommended preventative services for members in each age and sex category, as well as for members with pre-existing conditions. Plans will establish e-mail accounts for members and send electronic member reminders about recommended services, as well as conduct other outreach activities to help achieve member compliance with recommended preventative care. Members that obtain all the recommended preventative services in a coverage term will be eligible to roll-over over their entire account balance, not just their pro-rata share, at the end of a coverage term. The roll-over amount will be used to reduce the upcoming year’s required POWER Account contribution.

- **Disease Management.** Plans will be required to develop disease management programs for members with chronic health care conditions. Member incentives, innovation and use of evidence-based practices will be strongly encouraged.
- **Private Competition and Member Choice.** Plans will compete on the basis of the provider networks they offer, as well as the customer service options, enhanced benefits and other incentives they make available to participants. This free market competition is intended to help assure the high quality of plan services. Plans will be permitted and encouraged to market their product to the general community, and the primary path for enrollment in the Program will largely take place through the Plans.

Plans must comply with all Federal and State requirements, including the Indiana Code Title 12, Article 15, Chapter 44, as well as any implementing rules published in the Indiana Administrative Code; Sections 1903(m) and 1932 of the Social Security Act of 1935; and the Medicaid Managed Care Regulations set forth in 42 CFR 438.

Plans must also comply with the following statutes and regulations, as applicable:

- Titles XI and XIX of the Social Security Act of 1935, as amended and with exception to any sections expressly waived under Indiana’s Section 1115 “Affordable Choices Demonstration Proposal”
- Titles 42 and 45 of the Code of Federal Regulations
- The Health Insurance Portability and Accountability Act of 1996 (HIPAA), as amended
- Title VI of the Civil Rights Act, as amended

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- The Rehabilitation Act of 1973, as amended
- Age Discrimination Act of 1975, as amended
- Americans with Disabilities Act of 1990, as amended
- Title IX of the Education Amendments of 1972, as amended
- The Indiana Insurance Code

1.4 SUMMARY SCOPE OF WORK

The Scope of Work is provided in Attachment D of this RFS.

1.5 RFS OUTLINE

The outline of this RFS document is described below:

Section	Description
Section 1 – General Information and Requested Products or Services	This section provides an overview of the RFS, general timelines for the process, and a summary of the products/services being solicited by the State/Agency via this RFS
Section 2 – Proposal Preparation Instruction	This section provides instructions on the format and content of the bidder's response, including a Letter of Transmittal, Business Proposal, Technical Proposal and a Cost Proposal
Section 3 – Proposal Evaluation Criteria	This section discusses the evaluation criteria to be used to evaluate respondents' proposals
Attachment A	M/WBE Participation Plan Form
Attachment B	Sample Contract
Attachment C	Indiana Economic Impact Form
Attachment D	Scope of Work
Attachment E	Covered Services and Benefits
Attachment F	Responsibilities of the State
Attachment G	Capitation Rates

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Section	Description
Attachment H	Readiness Review
Attachment I	Business Proposal Template
Attachment J	Technical Proposal Template
Attachment K	Pricing Proposal Template
Attachment L	Intent to Respond

1.6 QUESTION/INQUIRY PROCESS

All questions/inquiries regarding this RFS must be submitted in writing to the Procurement Division by the deadline of **3 p.m. Eastern Time** on Friday, May 18, 2007. Questions/Inquiries may be submitted via fax (**317-234-1281**) or email rfp@idoa.IN.gov and must be received by the Procurement Division by the time and date indicated above. In the event the RFS is amended following the receipt of stakeholder feedback, the State, at its discretion, may schedule a second Question and Answer period. Any such decision will be communicated in the form of an RFS amendment.

Following the question/inquiry due date, Procurement Division personnel will compile a list of the questions/inquiries submitted by all Respondents. The responses will be posted to the IDOA website according to the RFS timetable established in Section 1.23. The question/inquiry and answer link will become active after responses to all questions have been compiled. Only answers posted on the IDOA website will be considered official and valid by the State. No Respondent shall rely upon, take any action, or make any decision based upon any verbal communication with any State employee.

Inquiries are not to be directed to any staff member of FSSA or OMPP. Such action may disqualify Respondent from further consideration for a contract resulting from this RFS.

If it becomes necessary to revise any part of this RFS, or if additional information is necessary for a clearer interpretation of provisions of this RFS prior to the due date for proposals, an addendum will be posted on the IDOA website. If such addenda issuance is necessary, the Procurement Division may extend the due date and time of proposals to accommodate such additional information requirements, if required.

1.7 INTENT TO RESPOND FORM

Potential Respondents should fill out and return, by e-mail to rfp@idoa.in.gov, the Intent to Respond Form (Attachment L) by 3 p.m. Eastern Time on Friday, May 18, 2007.

1.8 DUE DATE FOR PROPOSALS

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All proposals must be received at the address below by the Procurement Division no later than **3 p.m. Eastern Time** on Wednesday, June 20, 2007. Each Respondent must submit one original (marked "Original") and seven (7) complete copies of the proposal, including the Transmittal Letter and other related documentation as required in this RFS. A complete copy of the proposal must be provided on CD-ROM. Each copy of the proposal must follow the format indicated in Section Two of this document. Unnecessarily elaborate brochures or other presentations, beyond those necessary to present a complete and effective proposal, are not desired. All proposals must be addressed to:

Indiana Department of Administration
Procurement Division
402 West Washington Street, Room W478
Indianapolis, IN 46204

Caution to Respondents about shipping/mailing: United States Postal Express and Certified Mail are both delivered to the Government Center Central Mailroom, and not directly to the Procurement Division. It is the responsibility of the Respondent to make sure that solicitation responses are received by the Procurement Division at the Department of Administration's reception desk on or before the designated time and date. Late submissions will not be accepted. The Department of Administration, Procurement Division clock is the official time for all solicitation submissions.

All proposal packages must be clearly marked with the RFS number, due date, and time due. Any proposal received by the Department of Administration, Procurement Division after the due date and time will not be considered. Any late proposals will be returned, unopened, to the Respondent upon request. All rejected proposals not claimed within 30 days of the proposal due date will be destroyed.

No more than one proposal per Respondent may be submitted.

The State accepts no obligations for costs incurred by Respondents in preparing the response to this RFS or in anticipation of being awarded a contract.

All proposals submitted to the State should be double-sided and printed on 30% post-consumer recycled content paper or tree-free paper. When possible, soy ink should be used.

1.9 PRE-PROPOSAL CONFERENCE

A pre-proposal conference will be held at **2:30 PM Eastern Time** on Wednesday, May 16, 2007 in the Indiana Government Center South Conference Center Room B located at 402 W. Washington Street, Indianapolis. At this conference, potential respondents may ask questions about the RFS and the RFS process. Respondents are reminded that no answers issued verbally at the conference are binding on the State and any information

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provided at the conference, unless it is later issued in writing, also is not binding on the State.

1.10 MODIFICATION OR WITHDRAWAL OF OFFERS

Modifications to responses to this RFS may only be made in the manner and format described in Section 1.6 and clearly identified as a modification.

The Respondent's authorized representative may withdraw the proposal, in person, prior to the due date. Proper documentation and identification will be required before the Procurement Division will release the withdrawn proposal. The authorized representative will be required to sign a receipt for the withdrawn proposal.

Modification to, or withdrawal of, a proposal received by the Procurement Division after the exact hour and date specified for receipt of proposals will not be considered.

1.11 PRICING

Pricing on this RFS is based on capitation rates and will be fixed for the first year of the contract.

Please refer to the Cost Proposal sub-section under Section 2 for a detailed discussion of the proposal pricing format and requirements.

1.12 PROPOSAL CLARIFICATIONS AND DISCUSSIONS, AND CONTRACT DISCUSSIONS

The State reserves the right to request clarifications on proposals submitted to the State. The State also reserves the right to conduct proposal discussions, either oral or written, with Respondents. These discussions could include a request for additional information, request for cost or technical proposal revision, etc. Additionally, in conducting discussions, the State may use information derived from proposals submitted by competing respondents only if the identity of the respondent providing the information is not disclosed to others. The State will provide equivalent information to all respondents which have been chosen for discussions. Discussions, along with negotiations with responsible respondents may be conducted for any appropriate purpose.

The Procurement Division will schedule all discussions. Any information gathered through oral discussions must be confirmed in writing.

A sample contract is provided in Attachment B.

1.13 BEST AND FINAL OFFER

The State may request best and final offers from those Respondents determined by the State to be reasonably viable for contract award. However, the State reserves the right to

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award a contract on the basis of initial proposals received. Therefore, each proposal should contain the Respondent's best terms from a price and technical standpoint.

Following evaluation of the best and final offers, the State may select for final contract negotiations and execution the offers that are most advantageous to the State, considering cost and the evaluation criteria in this RFS.

1.13.1 Contract Negotiations

After recommendation of selected Respondents by appropriate officials of the State, contract negotiations will commence. The contract will include the applicable State-required clauses, terms and conditions set out in Attachment B of this document. It may also contain additional provisions presented by the State to which the parties agree. If at any time contract negotiations are determined to be ineffective by the Commissioner of IDOA or his/her designee, IDOA will cease all activities with that Respondent and begin contract negotiations with the next highest ranked Respondent. This process may continue until either the State executes one or more completed contracts or IDOA determines that no acceptable alternative proposal exists.

1.14 REFERENCE SITE VISITS

The State may request a site visit to a Respondent's working support center to aid in the evaluation of the Respondent's proposal. Site visits, if required, will be discussed in the technical proposal.

1.15 TYPE AND TERM OF CONTRACT

The State intends to sign a contract with one or more Respondent(s) to fulfill the requirements in this RFS.

The term of the contract shall be for a period of three (3) years from the date of contract execution. There may be three (3) one year renewals for a total of six (6) years at the State's option.

1.16 CONFIDENTIAL INFORMATION

Respondents are advised that materials contained in proposals are subject to the Access to Public Records Act (APRA), IC 5-14-3 *et seq.*, and, after the contract award, the entire RFS file may be viewed and copied by any member of the public, including news agencies and competitors. Respondents claiming a statutory exception to the APRA must place all confidential documents (including the requisite number of copies) in a sealed envelope clearly marked "Confidential" and must indicate in the Transmittal Letter and on the outside of that envelope that confidential materials are included. The Respondent must also specify which statutory exception of APRA applies. The State reserves the right to make determinations of confidentiality. If the Respondent does not identify the

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statutory exception, the Procurement Division will not consider the submission confidential. If the State does not agree that the information designated is confidential under one of the disclosure exceptions to APRA, it may seek the opinion of the Public Access Counselor. Prices are not confidential information.

1.17 TAXES

Proposals should not include any tax from which the State is exempt.

1.18 PROCUREMENT DIVISION REGISTRATION

In order to receive an award, the Respondent must be registered as a bidder with the Department of Administration, Procurement Division. Therefore, to ensure there is no delay in the award all Respondents are strongly encouraged to register prior to submission of their response. Respondents should go to www.in.gov/idoa/proc and click on "Bidder Registration" to register.

1.19 SECRETARY OF STATE REGISTRATION

If awarded the contract, the Respondent will be required to register, and be in good standing, with the Secretary of State. The registration requirement is applicable to all limited liability partnerships, limited partnerships, corporations, S-corporations, nonprofit corporations and limited liability companies. Information concerning registration with the Secretary of State may be obtained by contacting:

Secretary of State of Indiana
Corporation Division
402 West Washington Street, E018
Indianapolis, IN 46204
(317) 232-6576
www.in.gov/sos

1.20 COMPLIANCE CERTIFICATION

Responses to this RFS serve as a representation that the Respondent has no current or outstanding criminal, civil, or enforcement actions initiated by the State, and it agrees that it will immediately notify the State of any such actions. The Respondent also certifies that neither it nor its principals are presently in arrears in payment of its taxes, permit fees or other statutory, regulatory or judicially required payments to the State. The Respondent agrees that the State may confirm, at any time, that no such liabilities exist, and, if such liabilities are discovered, that State may bar the Respondent from contracting with the State, cancel existing contracts, withhold payments to setoff such obligations, and withhold further payments or purchases until the entity is current in its payments on its liability to the State and has submitted proof of such payment to the State.

1.21 EQUAL OPPORTUNITY COMMITMENT

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Pursuant to IC 4-13-16.5 and in accordance with 25 IAC 5, it has been determined that there is a reasonable expectation of minority and woman business enterprises subcontracting opportunities on a contract awarded under this RFS. Therefore a contract goal of 5 % for Minority Business Enterprises and 5 % for Woman Business Enterprises have been established and all respondents will be expected to comply with the regulation set forth in 25 IAC 5.

Failure to meet these requirements will affect the evaluation of your proposal.

1.22 MINORITY & WOMEN'S BUSINESS ENTERPRISES RFS SUBCONTRACTOR COMMITMENT

In accordance with 25 IAC 5-5, the respondent is expected to submit with its proposal a MWBE Subcontractor Commitment Form. The Form must show that there are, participating in the proposed contract, Minority Business Enterprises (MBE) and Women Business Enterprises (WBE) listed in the Minority and Women's Business Enterprises Division (MWBED) directory of certified firms located at www.buyindiana.in.gov. If participation is met through use of vendors who supply products and/or services directly to the Respondent, the Respondent must provide a description of products and/or services provided that are directly related to this proposal and the cost of direct supplies for this proposal. Respondents must complete the Subcontractor Commitment Form in its entirety.

Failure to meet these goals will affect the evaluation of your Proposal. The Department reserves the right to verify all information included on the MWBE Subcontractor Commitment Form.

Respondents are encouraged to contact and work with MWBED at 317-232-3061 to design a subcontractor commitment to meet established goals as referenced in this solicitation.

Prime Contractors must ensure that the proposed subcontractors meet the following criteria:

- Must be listed on the IDOA Directory of Certified Firms
- Each firm may only serve as once classification – MBE or WBE
- A Prime Contractor who is an MBE or WBE must meet subcontractor goals by using other listed certified firms. Certified Prime Contractors cannot count their own workforce or companies to meet this requirement.
- Must serve a commercially useful function. The firm must serve a value-added purpose on the engagement.
- Must provide goods or service only in the industry area for which it is certified as listed in the directory at www.buyindiana.in.gov
- Must be used to provide the goods or services specific to the contract
- National Corporate Diversity Plans are generally not acceptable

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MINORITY & WOMEN'S BUSINESS ENTERPRISES RFS SUBCONTRACTOR LETTER OF COMMITMENT

A signed letter(s), on company letterhead, from the MBE and/or WBE must accompany the MWBE Subcontractor Commitment Form. Each letter shall state and will serve as acknowledgement from the MBE and/or WBE of its subcontract amount, a description of products and/or services to be provided on this project and approximate date the subcontractor will perform work on this contract. The State will deny evaluation points if the letter(s) is not attached, not on company letterhead, not signed and/or does not reference and match the subcontract amount and the anticipated period that the Subcontractor will perform work for this solicitation.

By submission of the Proposal, the Respondent acknowledges and agrees to be bound by the regulatory processes involving the State's M/WBE Program. Questions involving the regulations governing the MWBE Subcontractor Commitment Form should be directed to: Minority and Women's Business Enterprises Division at (317) 232-3061 or mwbe@idoa.in.gov.

1.23 AMERICANS WITH DISABILITIES ACT

The Respondent specifically agrees to comply with the provisions of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 *et seq.* and 47 U.S.C. 225).

1.24 SUMMARY OF MILESTONES

The following timeline is only an illustration of the RFS process. The dates associated with each step are not to be considered binding. Due to the unpredictable nature of the evaluation period, these dates are commonly subject to change. At the conclusion of the evaluation process, all Respondents will be informed of the evaluation team's findings.

Key RFS Dates:

Activity	Date
Issue of RFS	5/4/2007
Pre-Proposal Conference	5/16/2007
Deadline to Submit Written Questions	5/18/2007
Deadline to Submit Intent to Respond Form	5/18/2007
Response to Written Questions/RFS Amendments	5/25/2007
Submission of Proposals	6/20/2007

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The dates for the following activities are target dates only. These activities may be completed earlier or later than the date shown.

Proposal Discussions/Clarifications (if necessary)	7/6/2007
Proposal Evaluation	7/13/2007
Oral Presentations (if necessary)	8/1/2007
Best and Final Offers (if necessary)	8/3/2007
Contract Award	8/10/2007

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1.25 EVIDENCE OF FINANCIAL RESPONSIBILITY (25 IAC 1.1-1-5)

A proposal bond in the amount of \$10,000 is required to guarantee the financial stability of the company and to guarantee that the Respondent is willing to sign a contract with the State. The original proposal bond must be included with the original proposal; photocopies of the bond are to be included in the copies of the proposal. Proposal bonds will be returned after the contract has been fully executed with the selected respondent or if it is necessary to cancel the procurement. Proposal bonds must be submitted in the form of a cashier's check, certified check, or surety bond. If the surety bond is executed, the surety company must be authorized to do business in the State of Indiana as approved by the Indiana Department of Insurance. This surety must be made payable to "Indiana Department of Administration" and may be cashed by the State if the selected Respondent fails to enter into a contract with the State if selected by the State to do so. The proposal bond should be submitted to the following address:

Jessica Robertson
Procurement Division
Indiana Department of Administration
402 West Washington Street, W468
Indianapolis, IN 46204

A Respondent shall forfeit the proposal bond if the Respondent is selected and fails to sign a contract within 14 days from receipt of a final contract document or the Respondent is selected and cannot obtain the operational performance bond (if required) within 10 days of contract signing.

Either of the above time frames may be extended by IDOA.

A performance bond in the amount of \$1,000,000 will be required to guarantee the performance of the selected Respondent after the contract is signed. The State reserves the right to adjust required bond amounts based on enrollment levels. The performance bond, which is due within 10 calendar days after the execution of the contract, must be made payable to "Indiana Department of Administration" and must be in the form of a certified check, cashier's check, or a bond acquired from a surety company registered

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with the Indiana Department of Insurance. The bond must remain in effect for the duration of the contract. Notwithstanding any other provisions relating to the beginning of the term, the contract shall not become effective until the performance bond required by the contract is delivered in the correct form and amount to IDOA. The performance bond should be submitted to the following address:

Jessica Robertson
Procurement Division
Indiana Department of Administration
402 West Washington Street, W468
Indianapolis, IN 46204

Respondents wishing the return of a proposal or performance bond should attach a self-addressed envelope. The requested document will be returned as soon as possible after the award (proposal bond) or upon successful completion of the contract (performance bond), i.e., up to a year after contract termination, due to the contractor's responsibility to continue to pay claims for up to a year after the date of service. Bonds not claimed may be destroyed upon successful completion of the contract.

1.26 READINESS REVIEWS

The Plan must participate in the readiness review process prior to the actual enrollment of any members. As requested by OMPP, the Plan must submit documentation from several operational areas that demonstrates the Plan's readiness to enroll members. See Attachment H for more information regarding the readiness review.

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SECTION TWO PROPOSAL PREPARATION INSTRUCTIONS

2.1 GENERAL

To facilitate the timely evaluation of proposals, a standard format for proposal submission has been developed and is described in this section. All Respondents are required to format their proposals in a manner consistent with the guidelines described below:

- Each item must be addressed in the Respondent's proposal.
- The Transmittal Letter must be in the form of a letter. The business, technical and cost proposals must be organized under the specific section titles as listed below.

2.2 TRANSMITTAL LETTER

The Transmittal Letter must address the following topics except those specifically identified as "optional."

2.2.1 Agreement with Requirements listed in Section 1

The Respondent must explicitly acknowledge understanding of the general information presented in Section 1 and agreement with any requirements/conditions listed in Section 1.

2.2.2 Summary of Ability and Desire to Supply the Required Products or Services

The Transmittal Letter must briefly summarize the Respondent's ability to supply the requested products and/or services that meet the requirements defined in Section Three of this RFS. The letter must also contain a statement indicating the Respondent's willingness to provide the requested products and/or services subject to the terms and conditions set forth in the RFS including, but not limited to, the State's mandatory contract clauses.

2.2.3 Conflicts of Interest

The Respondent must include a statement describing any potential conflicts of interest or absence thereof.

2.2.4 Signature of Authorized Representative

A person authorized to commit the Respondent to its representations and who can certify that the information offered in the proposal meets all general conditions including the information requested in Section 2.3.4, must sign the Transmittal Letter. **In the Transmittal Letter, please indicate the principal contact for the proposal along with an address,**

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telephone and fax number as well as an e-mail address, if that contact is different than the individual authorized for signature.

2.2.5 Respondent Notification

Unless otherwise indicated in the Transmittal Letter, Respondents will be notified via e-mail.

It is the Respondent's obligation to notify the Procurement Division of any changes in any address that may have occurred since the origination of this solicitation. The Procurement Division will not be held responsible for incorrect vendor/contractor addresses.

2.2.6 Other Information

This item is optional. Any other information the Respondent may wish to briefly summarize will be acceptable.

2.3 BUSINESS PROPOSAL

The Business Proposal must address the following topics except those specifically identified as "optional." Please provide your response by populating the Business Proposal template (Attachment I).

2.3.1 General (optional)

This section of the business proposal may be used to introduce or summarize any information the Respondent deems relevant or important to the State's successful acquisition of the products and/or services requested in this RFS.

2.3.2 Respondent's Company Structure

The legal form of the Respondent's business organization, the state in which formed (accompanied by a certificate of authority), the types of business ventures in which the organization is involved, and a chart of the organization are to be included in this section. If the organization includes more than one product division, the division responsible for the development and marketing of the requested products and/or services in the United States must be described in more detail than other components of the organization.

2.3.3 Company Financial Information

This section must include the Respondent's financial statement, including an income statement and balance sheet, for each of the two most recently

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completed fiscal years. The financial statements must demonstrate the Respondent's financial stability. If the financial statements being provided by the Respondent are those of a parent or holding company, additional financial information should be provided for the entity/organization directly responding to this RFS.

2.3.4 Integrity of Company Structure and Financial Reporting

This section must include a statement indicating that the CEO and/or CFO has taken personal responsibility for the thoroughness and correctness of any/all financial information supplied with this proposal. The particular areas of interest to the State in considering corporate responsibility include the following items: separation of audit functions from corporate boards and board members, if any, the manner in which the organization assures board integrity, and the separation of audit functions and consulting services. The State will consider the information offered in this section to determine the responsibility of the Respondent under IC 5-22-16-1(d).

The Sarbanes Oxley Act of 2002, H.R. 3763, is NOT directly applicable to this procurement; however, its goals and objectives may be used as a guide in the determination of corporate responsibility for financial reports.

2.3.5 Contract Terms/Clauses

A sample contract that the State expects to execute with the successful Respondent(s) is provided in Attachment B. All clauses are mandatory. The final contract executed by the parties may also contain additional provisions presented by the State to which the parties agree.

In your Transmittal Letter please indicate acceptance of Attachment B. Respondents should review these clauses in detail because a specific agreement to these clauses is required in the Transmittal Letter. **Failure to include a clear, specific, unequivocal agreement to these clauses may result in disqualification of the proposal from further evaluation.**

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If you are requesting additional contract terms that are consistent with the Sample Contract in Attachment B please include them in this section. To reiterate, it is the State's strong desire to not deviate from the contract provided in the attachment. The State reserves the right to reject any and all of these requested additional terms.

Any or all portions of this RFS and any or all portions of the Respondent's response shall be incorporated as part of the final contract

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2.3.6 References

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The Respondent must include a list of at least three (3) clients for whom the Respondent has provided products and/or services that are the same or similar to those products and/or services requested in this RFS. In addition, if the Respondent is subcontracting with another vendor for POWER Account services, two (2) references for that subcontractor must be provided. Information provided should include the name, address, and telephone number of the client facility and the name, title, and phone/fax numbers of a person who may be contacted for further information. The State reserves the right to use the State's past experience with Respondent as a reference.

2.3.7 Registration to do Business

Secretary of State

If awarded the contract, the Respondent will be required to be registered, and be in good standing, with the Secretary of State. The registration requirement is applicable to all limited liability partnerships, limited partnerships, corporations, S-corporations, nonprofit corporations and limited liability companies. The Respondent must indicate the status of registration, if applicable, in this section of the proposal.

Department of Administration, Procurement Division

Additionally, respondents must be registered with the IDOA. This can be accomplished on-line at www.in.gov/idoa/proc.

The IDOA Procurement Division maintains two databases of vendor information. The Bidder registration database is set up for vendors to register if you are interested in selling a product or service to the State of Indiana. Respondents may register on-line at no cost to become a Bidder with the State of Indiana. To complete the on-line Bidder registration, go to <http://www.in.gov/idoa/register/>. The Bidder registration offers email notification of upcoming solicitation opportunities, corresponding to the Bidder's area(s) of interest, selected during the registration process. Respondents need to be registered to bid on and receive email notifications. Completion of the Bidder registration will result in your name being added to the Bidder's Database, for email notification. The Bidder registration requires some general business information, an indication of the types of goods and services you can offer the State of Indiana, and locations(s) within the state that you can supply or service. There is no fee to be placed in Procurement Division's Bidder Database. To receive an award, you must be registered as a bidder.

Problems or questions concerning the registration process or the registration form can be e-mailed to Shirley Houston, Vendor Registration Coordinator, at shouston@idoa.in.gov, or you may reach her by phone at (317) 232-6870.

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2.3.8 Authorizing Document

Respondent personnel signing the Transmittal Letter of the proposal must be legally authorized by the organization to commit the organization contractually. This section shall contain proof of such authority. A copy of corporate bylaws or a corporate resolution adopted by the board of directors indicating this authority will fulfill this requirement.

2.3.9 Subcontractors

The Respondent is responsible for the performance of any obligations that may result from this RFS, and shall not be relieved by the non-performance of any subcontractor. Any Respondent's proposal must identify all subcontractors and describe the contractual relationship between the Respondent and each subcontractor. Either a copy of the executed subcontract or a letter of agreement over the official signature of the firms involved must accompany each proposal.

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Any subcontracts entered into by the Respondent must be in compliance with all State statutes, and will be subject to the provisions thereof. For each portion of the proposed products or services to be provided by a subcontractor, the technical proposal must include the identification of the functions to be provided by the subcontractor and the subcontractor's related qualifications and experience.

The combined qualifications and experience of the Respondent and any or all subcontractors will be considered in the State's evaluation. The Respondent must furnish information to the State as to the amount of the subcontract, the qualifications of the subcontractor for guaranteeing performance, and any other data that may be required by the State, including any additional requirements set forth in Attachment D to the RFS. All subcontracts held by the Respondent must be made available upon request for inspection and examination by appropriate State officials, and such relationships must meet with the approval of the State. The Respondent must list any subcontractor's name, address and the state in which formed that are proposed to be used in providing the required products or services. The subcontractor's responsibilities under the proposal, anticipated dollar amount for subcontract, the subcontractor's form of organization, and an indication from the subcontractor of a willingness to carry out these responsibilities are to be included for each subcontractor. This assurance in no way relieves the Respondent of any responsibilities in responding to this RFS or in completing the commitments documented in the proposal. The Respondent must indicate which, if any, subcontractors qualify as a Minority or Women Owned

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Business under IC 4-13-16.5-1. See Section 1.21 and Attachment A for Minority and Women Business information.

2.3.10 Evidence of Financial Responsibility

In this section, the Respondent must document its submission of the mandatory proposal bond and its ability to procure the mandatory performance bond. See Section 1.24 for details regarding proposal and performance bonds.

Notwithstanding any other provisions relating to the beginning of the term, any contract will not become effective until the performance bond, if required by the contract, is delivered in the correct form and amount to the address indicated in Section 1.24.

2.3.11 IDOI Certificate of Authority

The Respondent must provide proof of licensure by the IDOI.

2.4 TECHNICAL PROPOSAL

Please provide your technical proposal by completing the Technical Proposal template (Attachment J). Please answer each question thoroughly. Every point made in each section of the Statement of Work (Attachment D) should be addressed. RFS language should not be repeated within the response. Where appropriate, supporting documentation may be referenced by a page and paragraph number. However, when this is done, the body of the technical proposal must contain a meaningful summary of the referenced material. The referenced document must be included as an appendix to the technical proposal with referenced sections clearly marked. If there are multiple references or multiple documents, these must be listed and organized for ease of use by the State.

Respondents should refer to the Statement of Work (Attachment D) for details on each program requirement.

2.5 COST PROPOSAL

Please provide your pricing proposal by populating the Pricing Proposal template (Attachment K). Please note that the capitation rate ceilings specified in the Pricing Proposal template are subject to change. Any such change will be communicated in the form of an amendment to the RFS. The State reserves the right to adjust the capitation rate ceilings in future years of the contract.

2.6 INDIANA ECONOMIC IMPACT

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All companies desiring to do business with state agencies must complete an “Indiana Economic Impact” form (Attachment C). The collection and recognition of the information collected with the Indiana Economic Impact form places a strong emphasis on the economic impact a project will have on Indiana and its residents regardless of where a business is located. The collection of this information does not restrict any company or firm from doing business with the state.

2.7 BUY INDIANA INITIATIVE/INDIANA COMPANY

It is the Respondent’s responsibility to confirm its Buy Indiana status for this portion of the process. If a Respondent has previously registered its business with IDOA, go to www.BuyIndiana.IN.gov and click on the link to update this registration. Click the tab titled Buy Indiana. Select the appropriate category for your business. Respondents may only select one category. Certify this selection by clicking the check box next to the certification paragraph. Once this is complete, save your selection and exit your account.

Respondents that have not previously registered with IDOA must go to www.BuyIndiana.IN.gov and click on the link to register. During the registration process, follow the steps outlined in the paragraph above to certify your business’ status. The registration process should be complete at the time of proposal submission.

Any respondent seeking the Buy Indiana points should include their Buy Indiana certification in their transmittal letter.

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Defining an Indiana Business:

“Indiana business” refers to any of the following:

- (1) A business whose principal place of business is located in Indiana.
- (2) A business that pays a majority of its payroll (in dollar volume) to residents of Indiana.
- (3) A business that employs Indiana residents as a majority of its employees.

Respondents claiming this status must indicate which of the provisions above qualifies them as an Indiana business. They must also fully complete the Indiana Economic Impact Form (Attachment C) and include it with their response.

The following is the policy concerning items 4 & 5 described below. Appropriate documentation must be provided with your proposal response supporting either claim made below:

- (4) A business that makes significant capital investments in Indiana.
- (5) A business that has a substantial positive economic impact on Indiana.

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Substantial Capital Investment:

Any company that can demonstrate a minimum capital investment of \$5 million or more in plant and/or equipment or annual lease payments of \$2.5 million or more shall qualify as an Indiana business under category #4. If an out of state company does not meet one of these criteria, it can submit documentation/justification to the State for review for inclusion under this category.

Substantial Indiana Economic Impact:

Any company that is in the top 500 companies (adjusted) for one of the following categories: number of employees (DWD), unemployment taxes (DWD), payroll withholding taxes (DOR), or Corporate Income Taxes (DOR); it shall qualify as an Indiana business under category #5. If a Respondent needs assistance in determining if its business qualifies under this criterion, please send an email inquiry to buyindianainvest@idoa.in.gov and you will receive a response within forty-eight (48) hours. If an out of state company does not meet one of these criteria, it can submit documentation/justification to the State for review for inclusion under this category.

Pursuant to IC 5-22-15-7, Respondents may claim only one preference. For the purposes of this RFS, this limitation to claiming one preference applies to Respondents' ability to claim the recycled content preference, Indiana small business preference, or to claim eligibility for Buy Indiana points.

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SECTION THREE PROPOSAL EVALUATION

3.1 PROPOSAL EVALUATION PROCEDURE

The State has selected a group of personnel to act as a proposal evaluation team. Subgroups of this team, consisting of one or more team members, will be responsible for evaluating proposals with regard to compliance with RFS requirements. All evaluation personnel will use the evaluation criteria stated in Section 3.2. The OMPP will, in the exercise of its sole discretion, determine which proposals offer the best means of servicing the interests of the State. The exercise of this discretion will be final.

The procedure for evaluating the proposals against the evaluation criteria will be as follows:

- 3.1.1 Each proposal will be evaluated for adherence to requirements on a pass/fail basis. Proposals that are incomplete or otherwise do not conform to proposal submission requirements may be eliminated from consideration.
- 3.1.2 Each proposal will be evaluated on the basis of the categories included in Section 3.2. A point score has been established for each category.
- 3.1.3 If technical proposals are close to equal, greater weight may be given to price.
- 3.1.4 Based on the results of this evaluation, the qualifying proposal determined to be the most advantageous to the State, taking into account all of the evaluation factors, may be selected by IDOA and OMPP for further action, such as contract negotiations. If, however, IDOA and OMPP decide that no proposal is sufficiently advantageous to the State, the State may take whatever further action is deemed necessary to fulfill its needs. If, for any reason, a proposal is selected and it is not possible to consummate a contract with the Respondent, IDOA may begin contract preparation with the next qualified Respondent or determine that no such alternate proposal exists.

3.2 EVALUATION CRITERIA

Proposals will be evaluated based upon the proven ability of the Respondent to satisfy the requirements of the RFS in a cost-effective manner. Each of the evaluation criteria categories is described below with a brief explanation of the basis for evaluation in that category. The points associated with each category are indicated following the category name (total maximum points = 100). If any one or more of the listed criteria on which the responses to this RFS will be evaluated are found to be inconsistent or incompatible with applicable federal laws, regulations or policies, the specific criterion or criteria will

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be disregarded and the responses will be evaluated and scored without taking into account such criterion or criteria.

Summary of Evaluation Criteria:

Criteria	Points
1. Adherence to Mandatory Requirements	Pass/Fail
2. Business Proposal (Section 2.3)	15
3. Technical Proposal (Section 2.4)	30
4. Cost (Cost Proposal) (Section 2.5)	10
5. Indiana Economic Impact	15
6. Buy Indiana	10
7. Minority (10) and Women Business (10) Subcontractor Commitment	20
Total	100

All proposals will be evaluated using the following approach.

Step 1

In this step proposals will be evaluated only against Criteria 1 to ensure that they adhere to Mandatory Requirements. Any proposals not meeting the Mandatory Requirements will be disqualified.

Step 2

The proposals that meet the Mandatory Requirements will then be scored based on Criteria 2, 3 and 4 ONLY. This scoring will have a maximum possible score of 55 points. All proposals will be ranked on the basis of their combined scores for Criteria 2, 3 and 4 ONLY. This ranking will be used to create a “short list”. Any proposal not making the “short list” will not be considered for any further evaluation.

Step 2 may include one or more rounds of proposal discussions focused on cost and other proposal elements.

Step 3

The short-listed proposals will then be evaluated based on all the entire evaluation criteria outlined in the table above.

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If the State conducts additional rounds of discussions and a BAFO round which lead to changes in either the technical or cost proposal for the short listed Respondents, their scores will be recomputed.

The section below describes the different evaluation criteria.

3.2.1 Adherence to Requirements – Pass/Fail

Respondents passing this category move to Phase 2 and proposal is evaluated for Management Assessment/Quality and Price.

3.2.2 Business Proposal - 15 points

3.2.3 Technical Proposal – 30 points

3.2.4 Price – 10 points

3.2.5 Indiana Economic Impact (15 points)

See Section 2.6 for additional information.

The total number of full time equivalent (FTEs) Indiana resident employees for the Respondent's proposal (prime contractor and subcontractors) will be used to evaluate the Respondent's Indiana Economic Impact. Points will be awarded based on a graduated scale. The Respondent with the most Indiana FTEs will be awarded 15 points. Points will then be awarded to the remaining Respondents proportionately.

3.2.6 Buy Indiana Initiative – 10 points

Respondents qualifying as an Indiana Company as defined in Section 2.7 will receive 10 points in this category.

3.2.7 Minority (10 points) & Women's Business (10 points) Subcontractor Commitment - (20 points).

The following formula will be used to determine points to be awarded:

The commitment factor for each proposal will be calculated by multiplying the commitment percentage by one hundred. The RFS score ratio will be determined by dividing the maximum allowable points by the highest commitment factor. The proposal with the highest commitment factor will be given the maximum allowable points. The points awarded to the other proposals will be calculated by multiplying the score ratio by the proposed commitment factor.

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Commitment percentage * 100 = commitment factor
Maximum allowable points/highest commitment factor = score ratio
Commitment factor * score ratio = points awarded

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